

# A Primer for the London Anti-Corruption Summit

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Prime Minister David Cameron’s remarkable London Anti-Corruption Summit on May 12 brings leaders from around the world to consider how new international efforts can address one of the salient issues in politics. From the United States to the Greece, from Ukraine to Brazil, people are furious about perceived corruption. Global surveys by the BBC and Gallup show that corruption is considered the number one problem in the world, ahead of poverty, terrorism and unemployment.<sup>2</sup> At the same time, people despair about what to do. A Brazilian journalist recently asked, “We need a change of mentality—how can that ever happen?”

One worries that this mix of indignation and skepticism could simply result in impassioned speeches and little more. A better outcome would be a bold but practical initiative to propagate the lessons of success in fighting corruption.

Many people don’t know that such examples exist—and don’t recognize the principles they contain. Of course, success is always partial and incomplete; in this context, it means reforms that reduce systemic corruption, leading to better public services, more investment, and deeper development.

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<sup>2</sup> In late 2011, a BBC survey of more than 24 000 people in 23 countries identified corruption as “the topic most frequently discussed by the public”, ahead of poverty, unemployment, and terrorism. In 2013, WIN/Gallup International surveyed almost 70 000 people in 69 countries. Corruption was deemed the world’s number one problem.

The examples range from classic cases such as Singapore and Hong Kong to more recent examples such as Colombia in the late 1990s, Georgia after 2004, the Philippines under Aquino, and Rwanda. Britain's Legatum Institute recently published a volume of success stories. Princeton's Innovations for Successful Societies presents five anti-corruption case studies. Craiova, Romania and Martin, Slovak Republic, won the United Nations Public Service Awards for their reforms against corruption. Other cities have also made progress against corruption, such as Bogotá and Medellín in Colombia and Naga City and Mandaue in the Philippines.

The success stories are consistent with economic principles. After all, corruption is an economic crime, not a crime of passion. Givers and takers of bribes are calculating risks and rewards. They respond to economic incentives and punishments.

Corruption follows a formula:  $C = M + D - A$ . Corruption equals monopoly plus discretion minus accountability.

Therefore, to reduce corruption, limit monopoly and enhance competition. Circumscribe official discretion, and clarify the rules of the game. Enhance accountability about processes and results in many ways, including citizen- and business-driven scorecards for government agencies and programs. The success stories show many, locally tailored ways to do these things.

Many countries are stuck in a political tragedy of the commons. Corrupt systems require people to act as if they thought bribery were good, extortion were permitted, and cheating were the norm. Once corrupt behavior is embedded, an individual may have little choice but to go along.

When we encounter a corrupt equilibrium, it is wrong and ineffective to decry the culture of those stuck in that equilibrium. Wrong, because their individual ethics may be superior to our own; their culture in that sense is not necessarily what needs changing. Ineffective, because the structure of payoffs makes "pay the bribe" the dominant strategy. We need to change structures, not cultures.

The success stories feature many ways to disrupt corrupt equilibriums. Fry some big fish—meaning some big offenders—including some from the party in power. Diagnose corrupt systems with the help of the people involved in them. Don't try to do everything at once: focus on a few things that will bear fruit in six months, to show skeptical people that change has begun. Don't think of corruption primarily as a legal or moral issue. In very corrupt countries, new laws, codes of conduct, and better training for public officials prove, alas, to make little difference. Invite the private sector and civil society in the design, implementation and monitoring of anti-corruption programs.

The London Summit could catalyze learning from these examples and principles. Imagine a bold, practical initiative: a contest for national strategies against corruption.

Imagine seven years of massive support to the four countries that propose the best national strategies against corruption. To kindle interest in this contest, the participants in the London Summit would fund international and local workshops. Examples of anti-corruption progress would be shared, along with some of the economic and political principles of reform. Discussions might focus on a few key areas such as revenue raising, procurement and public works, rural health, and the justice system.

After the workshops, interested countries would prepare their national anticorruption strategies. The four best—one each from Africa, Asia, Europe, and the Americas—would be supported by special funds.

This initiative would be an exciting and practical outcome of the London Summit. It would go beyond a lamentable but likely result: another occasion for condemning corruption and then throwing up our hands in despair.